



# Department of Justice

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THURSDAY, JULY 26, 2001  
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(202) 514-2007  
TDD (202) 514-1888

## **JUSTICE DEPARTMENT ADVISES FCC OF CONCERNS ABOUT VERIZON'S APPLICATION TO PROVIDE LONG DISTANCE SERVICES IN PENNSYLVANIA**

### **Department Questions Whether Verizon Has Resolved Wholesale Billing Problems**

**WASHINGTON, D.C.** - The Department of Justice today provided its competitive analysis in an evaluation of Verizon's application to provide long distance services in Pennsylvania under Section 271 of the Telecommunications Act of 1996.

According to the Department, there has been significant competitive entry in the Pennsylvania local telecommunications markets. Problems with Verizon's electronic billing have been extensive, however, and Verizon filed its application with the FCC before sufficient time had elapsed to determine whether Verizon's proposed fixes to these problems will be effective. The Department was therefore unable fully to endorse Verizon's application based upon the current record.

"Verizon has made significant progress toward opening its local markets in Pennsylvania to competition," said Charles A. James, Assistant Attorney General in charge of the Department's Antitrust Division, "but the absence of a commercially proven electronic billing system was a continuing concern for the Department." The Department acknowledged that in the event the Commission can assure itself that billing problems are adequately resolved, the Commission may be in a position to approve Verizon's application at the culmination of these proceedings.

Since the break-up of the integrated Bell system as part of the AT&T divestiture, the independent Bell Operating Companies, or BOCs, have been barred from providing long distance services in their respective regions, first as part of the divestiture decree, and now under the terms

of the Telecommunications Act of 1996. Under Section 271 of the Act, a BOC, such as Verizon, may not provide in-region long distance services until it demonstrates to the FCC that it has met a variety of legal requirements designed to open the local telecommunications markets in a particular state to competition.

In considering whether to approve a BOC's application for long distance authority in a particular state, the FCC must consult with the Department of Justice and give "substantial weight" to its assessment of competitive conditions and whether the BOC should be allowed to provide in-region long distance services.

Verizon filed its application with the FCC on June 21, 2001. Under the terms of the Act, the FCC must approve or deny the application within 90 days. A copy of the Department's evaluation will be available at: <http://www.usdoj.gov/atr/public/comments/sec271/sec271.htm>

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